



ILLINOIS STATE TREASURER

MICHAEL W. FRERICHS

WHAT'S NEW

Treasurer's note



October, College Savings

It costs too much to save for college.

That was the principle driving negotiations to reduce fees for the Bright Directions 529 college savings plan.

I'm pleased to report that we were able to eliminate set-up and quarterly fees. We also slashed management fees by 43 percent.

Had the deal been in place last year, before I took office, the new structure would have meant an additional \$3.6 million in college savings.

This is a critical issue in Illinois and across our country. We must be smarter on how we save for college. A college education opens doors that otherwise would remain locked. That is why we must do everything possible to make higher education affordable again.

Bright Directions and Bright Start savings typically can be used at public and private schools, two-year and four-year colleges and universities, and certain technical and vocational schools.

It's never too early to start saving. Nor is it too late.

Today, more than 400,000 Bright Start and Bright Directions accounts are actively used to save for college. That does not include the thousands more who already used the tool to earn a diploma and avoid crushing debt.

I begrudgingly accept that fees are a part of life. However, I am gladdened that we were able to reduce them. That \$3.6 million would have gone a long way to help our families. The new terms take effect Nov. 15.

Sincerely,
Michael W. Frerichs



Bright Directions Fees Lowered

Treasurer Frerichs recently negotiated a contract that eliminates set-up and maintenance fees for families saving for college through Illinois' Bright Directions 529 plan.

Investors would have saved nearly \$3.6 million had the deal been in place last year. Frerichs was sworn-in as Treasurer in January.

The elimination of the \$10 set-up fee and \$3 quarterly maintenance fee means more investment dollars will go to college savings. Management fees also will be slashed by 43 percent. More than 104,000 accounts will benefit from the new terms, which take effect Nov. 15.

Independent rating agencies recognize Bright Directions as a solid investment with a competitive price that offers 55 investment options. The new fee structure is a result of negotiations with Union Bank, which was selected to manage the fund through a competitively bid process.

In addition to Bright Directions, Frerichs' office manages the Bright Start Advisor and Bright Start Direct college savings programs. Currently, more than 400,000 residents hold a Bright Directions or Bright Start account.

For more information about the Treasurer's Office 529 College Savings programs, visit www.illinoistreasurer.gov.

MAP Grant Funding Still in Limbo, Treasurer Frerichs Continues Campus Visits to Urge Approval of College Tuition Assistance

Elmhurst College is the latest campus visit for Treasurer Frerichs, who continues to travel around the state to urge Governor Bruce Rauner and the Illinois General Assembly to approve college tuition assistance to students.

Last week, Frerichs joined administrators, students, and a bipartisan group of elected officials at Elmhurst College in Elmhurst, IL for a meaningful discussion on the need to help low and middle class families pay for college.

The Monetary Award Program (MAP grants) provides tuition assistance to Illinois residents who demonstrated financial need.

More than 25 percent of Elmhurst College undergraduates are set to receive MAP grants, but with no state budget in place the funding for the college tuition program remains uncertain.

To meet some of the students impacted by the lack of MAP grant funding and to find out how you can help, watch this video <https://goo.gl/tFbZWH>.

Frerichs Sends Letter to Governor to Underscore Negative Impact of Budget Stalemate

Treasurer Frerichs sent a letter to Governor Bruce Rauner, constitutional officers and legislative leaders to underscore how the current budget stalemate adversely impacts the Treasurer's Office and the state's critical banking and investment functions.

The state is at risk of losing tens of millions of dollars in investments and halting critical banking functions, including collection of revenue and making payments. Here's a glimpse of what's at risk:

Disruption of Banking Activities

If funds are not available to pay our vendors, banking and financial services that we provide to state agencies may cease, such as: depository services, electronic payments, and lockbox services. State agencies would then not be able to deposit or accept checks, cash, or electronic funds, including federal funds. Further, our office may not be able to make funds available to the Comptroller which would not allow for vendor payments and payroll deposits.

Disruptions of Investment Operations

The Treasurer's Office may have to sell off \$10.1 billion in investments before our bank accounts close. As such, the State of Illinois may lose significant investment earnings and the potential loss of principal depending on market volatility.

Risks to Agencies Upgrading to Chip-Card Payment Systems

October 1, 2015, is the deadline for organizations that accept credit card payments to adopt a new microchip processing system. Failure to do so may result in a liability shift that renders them financially responsible for fraudulent charges. This applies to state and local government agencies as well.

The Treasurer's Office has been working for months with state and local agencies to prepare for this transition to newer technology. However, there may be agencies that are not ready for this transition as they lack the appropriation authority to purchase the required terminals. This is unnecessarily exposing the state to risks and could create a significant liability for already stretched government agencies.

The Treasurer's Office will continue to work to forestall these impacts while considering contingencies if our vendors discontinue services.